TREND REPORT JULY 1981 COMPARED WITH JULY 1980

	SALES % CHANGE			COST % CHANGE				AVERAGE RECEIPT PER COVER	
	TOTAL	FOOD[1]	BEV.[1]	TOTAL	FOOD[1]	BEV.[1]	PAYROLL	JUL	% CHG
TOTAL	11.4	9.9	19.9	9.7	9.5	11.5	9.1	$ 7.03	10.7
AFFILIATION:									
Single Unit	11.7	10.5	17.7	9.9	9.6	12.5	10.0	$ 8.48	9.7
Multi-Unit:									
Company-Owned	8.3	8.3	*	-9.1	-9.1	*	-7.0	*	*
Franchised	11.5	9.7	21.6	11.0	11.0	10.8	9.9	7.04	12.0
AREA:									
Northeast	5.7	4.1	25.8	4.6	3.5	25.3	5.1	$ 7.74	10.7
Southeast	4.1	1.4	19.8	1.6	2.0	-0.9	6.5	5.90	13.3
North Central	14.1	12.9	20.3	5.9	5.1	12.3	7.9	6.03	10.9
South Central	11.4	10.5	15.1	15.1	15.2	14.7	17.5	9.41	6.5
West	14.6	13.4	20.2	17.1	17.8	12.1	10.8	8.68	8.5
SALES PER MONTH:									
Under $44545.	2.1	2.6	-5.8	-1.4	-1.5	1.6	1.1	$ 4.68	8.7
$44545. TO $70047.	6.9	5.6	22.6	8.3	7.3	24.3	4.2	4.53	8.7
$70047. TO $121084.	11.5	10.9	15.3	10.5	10.1	14.8	9.3	6.89	7.3
Over $121084.	13.0	11.2	21.4	10.7	10.8	10.0	10.6	7.85	12.0
NUMBER OF SEATS:									
Under 115	8.1	6.8	21.4	5.8	4.4	22.6	5.0	$ 6.35	7.8
115 TO 160	8.8	8.1	21.3	5.6	4.8	23.1	2.5	4.30	6.1
160 TO 337	16.0	14.8	22.0	19.0	19.9	12.2	13.6	8.07	12.0
Over 337	9.3	7.4	18.1	3.4	2.7	8.5	8.3	7.52	11.6
TYPE:									
Cafeteria	*	*	*	*	*	*	*	$ *	*
Coffee Shop	3.8	3.8	*	-1.7	-1.8	*	-2.8	3.09	4.9
Full Menu:									
Tableservice	11.2	9.6	17.8	8.6	8.4	9.9	11.0	$ 7.90	12.2
Limited Menu:									
Tableservice	16.1	14.4	25.8	19.7	20.4	12.5	12.9	7.95	9.5
No Tableservice	*	*	*	*	*	*	*	*	*
Other	24.9	20.0	*	13.0	5.9	*	13.4	*	*

* INSUFFICIENT RESPONSE

1 Since all restaurants did not report data for each line, each line item has been analyzed separately and may therefore not add to totals shown.

YEAR TO DATE TREND REPORT AS OF JULY 1981

	SALES % CHANGE			COST % CHANGE				AVERAGE RECEIPT PER COVER	
	TOTAL	FOOD[1]	BEV.[1]	TOTAL	FOOD[1]	BEV.[1]	PAYROLL	JUL	% CHG
TOTAL	7.5	6.4	13.1	5.8	5.3	7.8	6.4	$ 7.54	9.6
AFFILIATION:									
Single Unit	9.3	8.1	13.7	9.1	7.9	11.2	6.8	$ 9.43	8.8
Multi-Unit:									
Company-Owned	7.5	7.0	10.8	3.8	2.6	16.4	5.5	2.88	2.3
Franchised	6.6	5.6	12.7	4.2	4.1	5.2	6.2	7.08	10.4
AREA:									
Northeast	4.1	3.0	22.5	4.0	1.8	17.9	3.7	$ 6.93	9.2
Southeast	2.4	0.6	13.9	-2.6	-3.4	3.6	0.7	6.34	17.4
North Central	9.6	8.7	13.2	6.2	5.9	7.8	6.6	6.86	7.2
South Central	6.8	6.3	8.6	11.7	12.3	9.0	10.7	7.16	2.3
West	10.4	9.9	12.7	9.1	9.3	7.8	8.8	8.89	8.1
SALES PER MONTH:									
Under $37498.	9.1	9.4	5.3	4.8	4.8	5.3	6.3	$ 3.97	10.1
$37498. TO $60031.	6.6	5.6	23.7	5.9	5.2	20.7	6.5	4.83	8.4
$60031. TO $105743.	5.1	4.4	8.7	4.5	4.3	6.2	3.7	6.55	4.0
Over $105743.	8.4	7.1	13.9	6.2	5.6	7.5	7.3	8.69	11.5
NUMBER OF SEATS:									
Under 110	14.1	13.3	19.5	12.0	11.4	16.9	12.6	$ 4.32	10.6
110 TO 160	5.1	4.5	23.7	4.3	3.8	23.2	4.2	4.26	4.0
160 TO 285	9.9	9.7	11.3	8.7	8.3	6.4	9.5	8.36	8.2
Over 285	4.6	2.5	13.2	2.0	1.2	6.9	2.9	8.25	12.6
TYPE:									
Cafeteria	17.1	16.9	31.3	12.9	12.9	*	8.1	$ 2.27	14.3
Coffee Shop	2.2	2.1	37.7	1.7	1.6	46.5	3.4	2.78	-1.5
Full-Menu:									
Tableservice	7.3	6.0	12.7	5.1	4.2	7.8	5.3	$ 8.20	11.7
Limited Menu:									
Tableservice	9.1	8.2	13.1	8.0	8.3	5.6	9.6	7.77	7.1
No Tableservice	17.4	18.5	10.4	16.3	16.4	15.9	15.4	2.61	6.7
Other	21.4	17.6	50.2	11.6	7.7	57.8	10.9	6.06	8.8

* INSUFFICIENT RESPONSE

[1] Since all restaurants did not report data for each line, each line item has been analyzed separately and may therefore not add to totals shown.

FOOD AND BEVERAGE SALES REPORT JULY 1981 COMPARED WITH JULY 1980

	COMPOSITION OF SALES				TOTAL COST PER DOLLAR OF SALES			
	JUL 81		JUL 80		JUL 81		JUL 80	
	FOOD	BEV.	FOOD	BEV.	FOOD	BEV.	FOOD	BEV.
TOTAL	83.7	16.3	84.8	15.2	$ 0.38	$ 0.24	$ 0.38	$ 0.25
AFFILIATION:								
Single Unit	81.3	18.7	82.2	17.8	$ 0.35	$ 0.24	$ 0.35	$ 0.25
Multi-Unit:								
Company-Owned	100.0	*	100.0	*	0.30	*	0.36	*
Franchised	83.9	16.1	85.3	14.7	0.40	0.24	0.39	0.26
AREA:								
Northeast	91.6	8.4	93.0	7.0	$ 0.37	$ 0.25	$ 0.37	$ 0.25
Southeast	83.5	16.5	85.6	14.4	0.38	0.24	0.38	0.29
North Central	83.6	16.4	84.5	15.5	0.33	0.23	0.35	0.25
South Central	79.4	20.6	80.1	19.9	0.33	0.23	0.31	0.23
West	81.6	18.4	82.4	17.6	0.44	0.24	0.42	0.26
SALES PER MONTH:								
Under $44545.	94.9	5.1	94.4	5.6	$ 0.38	$ 0.34	$ 0.40	$ 0.31
$44545. TO $70047.	91.3	8.7	92.4	7.6	0.37	0.27	0.36	0.26
$70047. TO $121084.	85.1	14.9	85.6	14.4	0.38	0.25	0.38	0.25
Over $121084.	81.2	18.8	82.5	17.5	0.37	0.23	0.38	0.25
NUMBER OF SEATS:								
Under 115	89.4	10.6	90.5	9.5	$ 0.35	$ 0.29	$ 0.36	$ 0.29
115 TO 160	93.8	6.2	94.5	5.5	0.35	0.27	0.36	0.27
160 TO 337	82.4	17.6	83.3	16.7	0.44	0.24	0.42	0.27
Over 337	80.3	19.7	81.7	18.3	0.34	0.22	0.35	0.24
TYPE:								
Cafeteria	*	*	*	*	$ *	$ *	$ *	$ *
Coffee Shop	99.8	*	99.8	*	0.32	*	0.34	*
Full Menu:								
Tableservice	79.6	20.4	80.8	19.2	$ 0.36	$ 0.24	$ 0.37	$ 0.25
Limited Menu:								
Tableservice	83.9	16.1	85.2	14.8	0.45	0.24	0.43	0.27
No Tableservice	*	*	*	*	*	*	*	*
Other	83.5	*	87.0	*	0.33	*	0.37	*

* INSUFFICIENT RESPONSE

PAYROLL AND EMPLOYEE REPORT JULY 1981 COMPARED WITH JULY 1980

	SALES PER FTE EMP		PAYROLL PER FTE EMP		COVERS PER FTE EMP		TOTAL SALES PER PAYROLL DOLLAR	
	JUL 81	JUL 80	JUL 81	JUL 80	JUL 81	JUL 80	JUL 81	JUL 80
TOTAL	$ 2369.80	$ 2149.28	$ 705.26	$ 655.16	338.8	331.5	$ 3.42	$ 3.36
AFFILIATION:								
Single Unit	$ 2461.50	$ 2242.37	$ 778.09	$ 731.05	300.4	297.2	$ 3.34	$ 3.29
Multi-Unit:								
Company-Owned	*	*	*	*	*	*	3.52	3.02
Franchised	2346.06	2121.54	670.50	617.89	358.9	351.0	3.46	3.44
AREA:								
Northeast	$ 1772.25	$ 1725.08	$ 528.94	$ 513.23	324.4	317.4	$ 3.40	$ 3.38
Southeast	1887.14	1706.12	515.03	511.39	287.2	296.7	3.43	3.52
North Central	2398.80	2127.84	713.34	647.11	379.8	370.4	3.40	3.26
South Central	2007.93	1685.28	651.45	536.71	213.3	190.7	3.68	3.88
West	2793.81	2546.73	831.86	784.39	323.8	318.4	3.36	3.25
SALES PER MONTH:								
Under $44545.	$ 2091.90	$ 2074.89	$ 641.79	$ 643.02	450.7	452.2	$ 3.26	$ 3.23
$44545. TO $70047.	1903.61	1817.52	556.97	545.47	459.0	453.0	3.42	3.33
$70047. TO $121084.	2171.75	1963.10	645.20	591.17	327.6	314.7	3.32	3.26
Over $121084.	2671.29	2368.78	796.36	727.11	305.2	298.5	3.46	3.41
NUMBER OF SEATS:								
Under 115	$ 2040.17	$ 1898.67	$ 580.21	$ 556.27	338.1	319.4	$ 3.52	$ 3.41
115 TO 160	2008.39	1856.35	539.72	503.80	479.2	448.0	3.68	3.47
160 TO 337	2507.64	2269.01	760.76	696.11	327.5	327.3	3.37	3.30
Over 337	2502.98	2247.10	766.24	717.78	316.6	310.3	3.35	3.36
TYPE:								
Cafeteria	$ *	$ *	$ *	$ *	*	*	$ *	$ *
Coffee Shop	1722.28	1664.44	485.28	478.93	*	*	3.59	3.36
Full Menu:								
Tableservice	$ 2404.96	$ 2183.45	$ 734.22	$ 675.07	297.4	297.4	$ 3.37	$ 3.39
Limited Menu:								
Tableservice	2665.42	2376.39	814.76	747.11	334.1	325.2	3.27	3.18
No Tableservice	*	*	*	*	*	*	*	*
Other	2961.72	2676.55	700.39	697.21	*	*	4.23	3.84

* INSUFFICIENT RESPONSE

A SYSTEMS APPROACH TO LABOR COST CONTROL

By: Robert Massey

For the past decade control of labor costs has become increasingly important. The minimum wage has been increasing at a compound rate of eight percent per year since January 1, 1978 when the Fair Labor Standards Act became effective. And that is not the entire story. There is a cascade effect that increases all salaries and wages by at least the same percentage the minimum wage increases. To maintain competitive operation, many companies are now looking for methods that will allow the same control over labor cost that they maintain over food cost, beverage cost or the entire system of accounts. To achieve this, a system of labor cost control should be put into effect.

A successful system will utilize forecasting and advance planning while remaining simple enough that lower level management will not resent the paper management to become involved and lend their support for the labor cost control system to be successfully implemented. The real appeal of the system we will describe is its operational orientation. Accounting personnel perform only a reporting function. This system is structured to control that portion of labor cost which varies with fluctuations in business activity.

The basic premise of this system is to combine predictions of activity levels, occupancy and/or food service, with man hour budgeting. There are five key elements in this process: weekly activity forecasts, manpower requirement guidelines, department budgeted man hours, weekly work schedules and performance comparison reports. The steps are as follows:

- The department managers prepare weekly forecasts of anticipated activity.

- The department supervisors calculate weekly manpower budgets by position and hours. These budgets are based on the forecast made by their managers and a guideline of man hours needed to operate at various activity levels.

- Work schedules are prepared that are within the budget limits.

- The accounting department analyzes daily performance by comparing actual man hours with budgeted man hours. Results are reported to top management.

The weekly forecast is prepared by the manager based on historical data and his own knowledge of the industry and the market he serves. The steps involved are as follows:

- Start with the amount of activity, either rooms occupied or meals served, experienced last year for comparable weeks.

- Deduct any unusual business: holidays, banquets, parties or special events, that occurred during that period last year.

- Add any unusual business that is expected during the week for this year.

- Apply the current trend applicable to this year. Any general increase or decrease in activity should be applied.

When the forecast is completed, a discussion with the various supervisors involved in scheduling should take place. At that time, the supervisors will assist the manager in evaluating the probability of the forecast and recommending any modifications that may be required.

The manpower requirement guidelines, the second key element, are usually established by a management consultant in conjunction with the various department supervisors as follows:

- Interivews are held with the staff.
- The operation is surveyed.
- Observations are made concerning activity periods.
- Relationships between levels of activity and hours worked are established.

Guidelines are customized for each operation by taking into consideration such factors as the minimum staff required to operate the facility, the level of service desired by management, the local labor market, equipment and any other flow or service considerations. Because the guidelines are established in terms of man hours, they are much easier to use than budgets that deal in terms of dollars or percentages of sales.

The third element in the system, the weekly man hour budget, is prepared by the department supervisor. It is dependent on the first two elements of the system; the weekly forecast and the manpower guidelines. When completed, this budget will outline the number of man hours to be scheduled each day of the week. The man hours will be broken down by employee category and period of the day, or meal period for the food department.

After the completion of the first three elements of the system, the fourth element, the actual work schedule, is relatively easy. The scheduling supervisor merely matches the names and positions of regular employees with the budgeted man hours and time periods. When the schedule is completed, the supervisor tallies the number of hours scheduled for each employee and compares it with budgeted hours. Adjustments are sometimes needed.

The final element of the system, the daily performance report, is prepared by the accounting department. They compare actual man hours with the budgeted man hours. Variations are noted.

The performance report is the first step in analyzing the system's performance. By interpreting the variations noted on the performance report, discrepancies can then be attributed to any of several possible causes. The following are a few of the possible causes:

- Inaccurate forecasts.
- Unrealistic manpower guidlines.
- Non-compliance with guidelines by department heads. Although, if the supervisors are brought in at the start of the decision making process, compliance is usually assured.
- Unpredictable fluctuations in business volume.

The real attractiveness of this system is its simplicity, timeliness of information and operational orientation. It is not necessary to have a large and complex operation for this system to be cost effective.